

**Risk Management Committee Meeting**  
**6-13-07**  
**Room 172, State Capital**

In attendance: Judi Barnes- DOA, Ellen Black- DOC, Dave Hamer- DEQ, Darlene Gilchrist-FWP, Nancy Grabowski- HCOT, Shelly Grandy- JUD, Patti Forsness- DOJ, Erv Kent- MA, Marilyn Cameron-MTech, Shay Halverson-MSU, Dan Archer-MSU, Sharon Caven-MSUN, Sandy Lang-DOR, Tryna Pennington-SOS, Mike Buckley-MDT, Kathy Benson-UM, Lee Harbour-DEQ and Sharon Smith-COR

RMTD in attendance: Brett Dahl, Kristie Rhodes, Aric Curtiss, Marjie Adams, Jennie Younkin, Cathy Meidinger and Jodi Wilcox

Brett Dahl: [Agenda](#)

Introduction of RMTD staff

1. Lyris Groups: Can be accessed though website @ [rmtd.mt.gov](http://rmtd.mt.gov) then there is a dropdown menu for Advisory Groups. Risk Management Committee and Risk Management Advisory Council both at this location in Lyris. Names of each committee member with e-mail link, agency and phone number. At bottom of each groups page is a link [http://lists.mt.gov/read/?forum=doa\\_rmc](http://lists.mt.gov/read/?forum=doa_rmc) that will take you to all correspondence. Once in Lyris, you can search for particular subject you are looking for, for example: distracted, it will bring up all correspondence with distracted in the subject line. If you wish to send a message to all committee members click on this link [doa\\_rmc@lists.mt.gov](mailto:doa_rmc@lists.mt.gov) Any questions on Lyris Groups please contact Brett Dahl.
2. Risk Management Committee Responsibilities: [Policy #: 2.02](#) Located on website at: [rmtd.mt.gov](http://rmtd.mt.gov): About us/ Other links about us/ Statutes, Rules and Policies/Risk Management Committee  
Brett read though most of policy. Under III. Roles and Responsibilities line item A) this is the most important so there is no disconnect.  
Most of the committee usually attend or have an alternate attend each meeting. These people are not chosen by RMTD they are appointed by the head of their agency or University. We only have meeting 2-3 times a year. At times some are asked to be on subcommittees for instance when we had insurance panel.
3. Legislative Highlights [“09 Biennium”](#) Very quiet session for RMTD- bills tracked though legislative laws. Major ones: HB 2: General appropriations act- passed in special session but Governor did do some Line-Item Vetos. This helps in the reduction of premiums. HB 57: Foster parent liability insurance. This is important to RMTD because if we had an instance where a child was neglected (for example) when RMTD is insuring both the Foster Parent and DPHHS who do we defend? SB 62: Increase payment to advisory board members. This will give advisory board members \$25 per day on top of their travel expenses. The Risk Management Advisory Council consists of members from Montana Municipal Insurance Authority, Montana Association of Counties, Montana State University, Northwestern Energy, First West Insurance, Montana Rail Link, DOA and RMTD.
  - a. Property/Casualty Insurance Fund ([handout](#)). The fees RMTD charges are to cover all expenses so we don't have to ask for money out of the General Fund. The fees are used to pay claims/lawsuits, purchase insurance and general operating costs (overhead).
    - Step 1. Evaluate historical exposure, losses and premiums. This trend is down significantly.
    - Step 2. Project unallocated expenses through FY09- overhead

Step 3. Project allocated expenses through FY09- expenses attributed to claim or lawsuit.

Step 4. Determine an appropriate level of premium to achieve funding objectives- have a target we want to hit, set premium at a level so we can hit target. General and Auto reserve set at 1 ½ times estimated claims payable. For Property the level of premium is set at 10 deductible losses or \$2.5 million

Step 5. Apportion premiums to state agencies and universities based on historical loss experience and exposure (i.e. vehicles, properties, FTEs, etc.). Allocate to agencies by model that takes in historical experiences and exposures.

Premiums for 2006-2009

Auto: 31% reduction (thanks to John's training in Defensive Driving, Preventing Distracted Driving and Van Safety).

Aviation: 4% reduction but increases in FY09 due to increased coverage (more aircraft and hull coverage).

General Liability: Harder to track because accurately from year to year since it is an average of 3-5 years before something is reported. However there are instances where it is much longer. For example the Bromgard case where he was wrongfully incarcerated for 17 years before DNA proved his innocence. This is a potential \$16.5 million lawsuit.

Across the board there is a 11% reduction in premiums.

Marjie Adams/ Jennie Younkin ([handout](#))

#### 4. Claims issues

Encourage using portal for loss tracking. Handout is a step-by-step guide. Go to [rmt.d.mt.gov/claims/state agency loss reports](http://rmt.d.mt.gov/claims/state%20agency%20loss%20reports). User ID and password can be obtained from Jennie or Marjie.

If you have used before you will notice that they have been streamlined to make them a little easier to follow.

Custom Reports: Property/ Casualty Statistics, Loss Trends and Cause of Loss Trend. Reports are done by year.

Standard Reports: basic look at stats for whole 15 years, average amount paid.

#1 reason for vehicle accident is inattentive driving

ALAE is costs for lawyers and adjusters

Controversial information is hidden

Brett Dahl: ([handout](#))

#### 5. FY08 Insurance Renewals

Capacity- ability for industry to absorb loss

General Liability-\$500 million per occurrence (which we currently have)

Predicted to be a huge hurricane season

Self insured in Auto and General Liability Insurance

Amount of property insured up 4.14% from FY07 to FY08 (due to more accurate reporting, appraisals, etc.) Rate per 100 is down by 11.15%

Earthquake- same as property \$200 million limit cost down 7.47%

Terrorism- PEPIS was \$70 million for everybody now \$100 million per occurrence (this is free)

You will see these reductions in premiums in FY10.

Best way to see where your rates are at is to go into PCIIS.

He meets with the underwriters 3 times a year. We deal with 28 insurance companies. We only have one insurance company that will cover over \$500 million; the limit is 125% of what we report to the company.

Brett Dahl for John Duezabou: ([handout](#))

#### 6. Loss Prevention Training

John is in Boston excepting a national award from PRIMA (Public Risk Management Association) for his Preventing Distracted Driving Course.

Handed out a copy of the Preventing Workplace Violence Guide that RMTD prepared for State of Montana employees

Introduction basically states that there is **no tolerance for violence in Montana State Government**

**\*\*\*RMTD DOESN'T OFFER SINGLE-OFFICE CLASSES FOR THIS COURSE\*\*\*\***

This is not all inclusive, if you find something that you feel should be included please contact John.

RMTD is giving out these guides on a first come first serve basis. Once our supply is down you will need to order them from Jim Ahern in Print Services. They cost somewhere between \$0.35-\$1.00 a copy

Violence is in the top 10 (thinks 5<sup>th</sup> or 6<sup>th</sup>) for death in the workplace

**Preventing Workplace Violence**- will be offered from July through September.

**Defensive Driving (6 hour course)** - John will continue to teach this course for at least another year than he will look into going to a 4 hour course. Defensive Driving is offered from October till June. This course qualifies you for your Auto Discount and in some instances will get you a discount on your personal auto insurance (check with your company).

**Preventing Distracted Driving**- 2 hour course that John designed and is getting the national award for now. This class also qualifies you for the Auto Discount (but not necessarily your personal auto). Statistics show 80% of all accidents were preceded by a distracted driving incident. This course is recommended if you have taken the DD-6 class in the last 2-3 years but will give to anyone who needs the course.

**Cover your Assets**- Was taught last fall for the first time, good reviews from the few who took it. This course covers:

- a. Provides an in-depth review of insurance protection offered through the state property/casualty insurance program
- b. Assists state agencies and universities in identifying potential coverage gaps
- c. Offers valuable tools to help state agencies and universities properly report their assets.
- d. Helps state agencies and universities save insurance premium through loss prevention and premium discount programs.
- e. Explains how insurance premiums are determined.

This is a 2 hour course that will give you the information and support you need to make sure you have everything entered into PCIIS correctly.

**Employee Fraud** - We are seeing more and more of this both in the Government and private sector. In 1998 the state lost its bond coverage because of too many claims.

**Reducing Risk Exposures in Contracts**- this is given twice a year. A class will be offered this fall.

Aric Curtiss ([handout](#))

#### 7. Property Loss Management

10% discount on premiums if you meet the criteria and have everything turned in on time

84% of agencies earned discount for a total of \$363,752

No strings attached to discount, you can use as you please but we hope you will use it for property loss management (i.e. inspect building, install sprinklers etc.)

FY08 starts on July 1, 2007

Requirements for Property Management Discount are not something that RMTD came up with, these are OSHA Codes etc. This program is going into its 4<sup>th</sup> year and nothing has changed. Once you have done everything the following years you should only have to update. This discount could save you a considerable amount of money in the long run. Well worth the effort for most agencies.

[Notice of Election](#) forms due 06/15/2007. Binders must be completed and turned into RMTD by June 1, 2008. New this year, please put a point of contact person.

[Appraisals Map](#)- building over \$1 million are appraised by RMTD and a contracted Appraising Company every 4 years. RMTD doesn't have a definition for Historical Buildings; this is up to the agency to decide if they want it on the Historical list. Please let RMTD know if you have buildings that you want appraised as Historical.

Looking at the map, the blue outline areas will be appraised this fall, we have just finished appraising Virginia City and will do Bannack next spring. We do our best to break agencies up so one agency doesn't get hit all at one time.

Square footage is very important on each and every building. When appraising they measure or look at blue prints to get an accurate square footage. Buildings generally go up in value by 35-40% after appraisal with accurate measuring. Universities are more accurate now since their facilities went to the new system.

All appraisals include structure

Value of contents are from a model (square footage and type of contents equals value).

**SPECIAL CONTENTS NOT INCLUDED IN APPRAISAL.**

Preliminary reports come back from the appraisers in 45 days, Aric will send them on to the agency to see if they have any discretions. Agency and RMTD have 15 day to go over and get them back to appraisers. In another 45 days RMTD received the final reports. RMTD will put these values into PCIIS and have a link to the document so you can view.

Aric will let you know when he anticipates doing appraisals in your agency, so if you have a new building and you know the value or you know one is going to be demolished you can let Aric know and he will take it off the list. Any buildings valued over \$1 million or any historic building over \$1,000 will be appraised. This is not set in stone however, if you have a building that you would like appraised that you have valued at \$700,000 let Aric know. Aric is planning on inspecting buildings in Western Montana (Kalispell to Hamilton) during the week of July 16<sup>th</sup> if you have a building you want inspected please contact Aric.

Kristie Rhodes:

#### 8. Exposure Reporting Issues

[Risk Exposure Contact List](#)- most current list of people who enter the information into PCIIS, these are the people you need to contact if you have changes. If this list isn't correct for your agency please send Kristie an e-mail.

[Business Interruption](#) coverage-

This was very confusing this year because of changes required by our insurance agents. They needed a more detailed form. Basically it is more of a breakdown of the information that you reported prior.

What is the revenue producing operation?

Name

Brief description

Drop down menu to locate building

Enter the type of revenue

Calculate total income

Put in your expenditures that would cease if the building burned down, flooded, tree fell on etc. For example you would not be purchasing food from vendor if something happened, so this would be an expenditure that would cease.

Calculate total income

Ordinary Payroll- optional

So basically you would take your revenue and subtract the expenditures and add in the ordinary payroll (if you chose so) and this would be your coverage.